SHRI KAPIL SIBAL: When the Bill, of course, comes to this House, it will be hopefully debated and all these aspects and the opinions of the hon. Members will be taken on record. But the neighbourhood school, as defined, – and it is not really defined in the Act itself – but what it suggests is that each State Government – because we don't want to decide for the State Governments where that school should be – in the context of its needs, in the context of populations which are concentrated in certain areas, will decide where that neighbourhood school will be. So, it caters to that local community. What is most important is that the local community must be catered to; the rural areas must be catered to. Sometimes, we have villages which have hundred people; sometimes, a thousand people. Now, where do you want that school to be located? That is something that the State Governments will decide and let us know. But within three years of that decision, that school shall be constructed. ...*(Interruptions)*...

DR. (SHRIMATI) KAPILA VATSYAYAN: ... rural level will also be taken into consideration. ...*(Interruptions)*...

SHRI KAPIL SIBAL: Sorry, I didn't hear that. I didn't hear that.

MR. CHAIRMAN: Dr. Vatsyayan, no second question, please. Question, No. 42. ...*(Interruptions)*... Just one minute. ...*(Interruptions)*...

SHRI V. HANUMANTHA RAO: This is a very important issue. ...*(Interruptions)*...

MR. CHAIRMAN: Please, please. ...*(Interruptions)*... Just a minute, I want to say something on this. ...*(Interruptions)*... Please sit down. ...*(Interruptions)*...

SHRI V. HANUMANTHA RAO: Sir, it is a very important issue. Sir, there should be Half-an-Hour Discussion on this. ...*(Interruptions)*...

MR. CHAIRMAN: Just one minute. ...*(Interruptions)*... Just one minute, please. ...*(Interruptions)*... Please, please. ...*(Interruptions)*...

SHRI V. HANUMANTHA RAO: Sir, we want Half-an-Hour Discussion on this. ...*(Interruptions)*...

MR. CHAIRMAN: Please, please. ...*(Interruptions)*... I was inundated with request for Supplementaries. Under our norms, I cannot take more than three Supplementaries. I fully realise that this is a subject in which the hon. Members are deeply interested, and, I think, we shall, as we go along, structure a proper discussion on that; and the hon. Minister has already conveyed his agreement to it. Thank you very much. ...*(Interruptions)*... Question 42, please.

Unutilised Foreign Assistance

*42. DR. JANARDHAN WAGHMARE: Will the Minister of FINANCE be pleased to state:

(a) whether Government has unutilised foreign assistance worth Rs. 78,000 crore and is paying commitment charges to the World Bank and Asian Development Bank (ADB) for not using the sanctioned amount;

(b) if so, the details thereof;

(c) whether Government has since taken any initiative to address the issues being faced by various sectors for not utilising available funds; and

(d) if so, the details thereof?

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE): (a) to (d) A Statement is laid on the Table of the House.

Statement

(a) to (d) Commitment charge is payable on the amount of loan yet to be drawn. Payment of commitment charges is an integral part of the general terms & conditions of loan from the World Bank(WB) and Asian Development Bank (ADB). The commitment charge has to be paid as the entire loan amount cannot be disbursed in one instalment right at the commencement of the project.

As on 31-3-2009, the undrawn external loan amount on government account is Rs.95,487 crore. Of this, the undrawn loan amount for the WB and ADB is Rs.57,202 crore against the sanctioned loan of Rs.1,19,783 crore. The commitment charges for the years 2007-08 and 2008-09 for WB and ADB are as under –

(in rupees crore)

Year	World Bank	ADB	Total
2007-08	60.24	62.40	122.64
2008-09	50.58	62.63	113.21

Projects are checked against readiness indicators before they are launched. . During implementation, the projects are monitored through joint review meetings periodically. State level portfolio reviews and site visits are also undertaken from time to time.

DR. JANARDHAN WAGHMARE: Sir, my first supplementary would be, it is not clear from the answer given by the Minister how much loan we have drawn from the World Bank and the Asian Development Bank. My question is, whatever amount we have taken from these two institutions, whether it is used or not. If it is not utilised, what are the reasons for that?

SHRI NAMO NARAIN MEENA: Sir, as per the information with us, there are 62 projects which are going on under the World Bank; funds value, 14.8 US billion dollars, whereas, there are 48 projects which are funded by ADB; value, 9 billion US dollars.

Sir, regarding utilisation of funds, these funds are being utilised. The hon. Member has asked about how much commitment charges we are paying, that I have given in my reply.

DR. JANARDHAN WAGHMARE: Sir, my second supplementary would be, it seems that the whole amount has not been used so far. This non-utilization of the loan is a loss of development. Who is accountable for this?

SHRI NAMO NARAIN MEENA: Sir, development projects are on-going projects and the funds are utilized by the various project proponents, by the States, by the line Ministries and the money is drawn from these Banks as and when required for these projects. So, this is an on-going process. All funds cannot be utilised in one go. It is a continuous process.

SHRI SANTOSH BAGRODIA: Sir, I can understand paying interest. But what about paying the commitment charges, when out of 1,19,783 crores, we have been able to utilize even less than half, fifty per cent? Can you not find out a mechanism so that this kind of unnecessary charges are not paid? Whoever is responsible, the Project Officers or the States, has to take responsibility for this kind of delays.

I would like to know from the hon. Minister, is anything being planned, at least, for future so that such commitment charges are not paid, and we plan it in such a way that we make a commitment as and when we really need the funds, and not that that we just go on paying commitment charges because there is a system. Also, action must be taken against erring officials.

SHRI NAMO NARAIN MEENA: Sir, I would like to clarify that the commitment charges are not a penalty; they are part and parcel of the loan agreements. These institutions charge commitment charges from all countries. When we draw loan in one go, where the interest is much higher, then the commitment charges begin. So, it is not that we are losing something. But I am in agreement with the hon. Member that these externally aided projects should be taken seriously and the Government of India should have a monitoring mechanism. At the Central level, there is a committee which reviews the projects. At the State level also, there is a committee headed by the Chief Secretary of the State concerned to review these things and there are also site visits done by the lending agencies as well as by the projects' proponents. That is a mechanism already evolved under loans for these projects.

SHRI M. VENKAIAH NAIDU: Sir, the reply is not really satisfactory. I hope the hon. Finance Minister would clarify it further. As per the reply, Rs. 235.85 crores are the commitment charges for two years and we are not able to pinpoint who is responsible and what is the mechanism to ensure that such things do not recur. The hon. Minister has made a general statement that there are commitment charges, that they were part of the loan agreement and that this was being done to every country. It is agreed that this is done to every country, but here, in a country where the resources are limited and we are getting funds, is it not the duty of the Centre, the State Governments or other agencies to see to it that the money is spent and drawn in time. And then, you are paying commitment charges to the tune of Rs. 235.85 crores and you are not able to take any action and fix responsibility. What is going to happen to the country and the system? We have to really have a serious look into this and have some mechanism evolved to see to it that such things do not recur. Will the Finance Minister be kind enough to respond and clarify the situation?

SHRI PRANAB MUKHERJEE: The hon. Member is a well-informed Member and he is fully aware that the commitment charge begins 60 days after the loan agreement is drawn. All multilateral agencies, such as the World Bank – the two wings of World Bank, the IBRD and IDA- and the Asian Development Bank, take commitment charges, and they have a point. This money is kept in liquidity and whenever the borrower demands, they have to pay for it and they cannot make any investments or use it in any other area. Therefore, for locking the money, commitment charges become inevitable. Details of commitment charges are being entered into the loan agreement, saying on which date, what percentage of commitment charge will be paid. And, this is a conscious decision. Every borrowing country accepts it. After all, the hon. Member would appreciate that the numbers of those who can lend are limited while the numbers of those who wish to borrow are much more. And it is simply not possible, Sir, for anybody, any institution, to complete a project for which we are espousing; from 61st day the project would start. But we have an elaborate reviewing mechanism. We are also trying to reduce the commitment charge as far as possible, and we are doing so. In some year, for instance, for 2009, through agreements we have been able to introduce the idea that commitment charge will not be charged. So, sometimes, it happens, as in the case of bilateral donors; except Germany, nobody charges any commitment charge. But loan conditions of multilateral agencies like the World Bank and its two wings, IBRD and IDA, are such that even after paying the commitment charge it is profitable to take money from these institutions. Therefore, countries run after it.

SHRI N.K. SINGH: Sir, in the light of the on-going efforts to improve multilateral flows in the country, one of the serious factors for not being able to access the headroom for borrowing available to India from ADB and the World Bank is a declining disbursement ratio. Does Government contemplate any steps in the near future which can substantially improve the disbursement ratio from multilateral loans?

SHRI PRANAB MUKHERJEE: It is a suggestion for action.

MR. CHAIRMAN: Question No.43.

*43 [The questioner Shri Sanjay Raut was absent. For answer *vide* page 23 *intra*]

Establishment of Deemed Universities

*44. DR. E.M. SUDARSANA NATCHIAPPAN: ††
SHRI SANTOSH BAGRODIA:
Will the Minister of HUMAN RESOURCE DEVELOPMENT be pleased to state:

(a) the number of Deemed Universities recognized during the last five years with State-wise details thereof;

(b) the criteria for recognizing a University as a Deemed University;

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††The question was actually asked on the floor of the House by Dr. E. M. Sudarsana Natchipppan